DEBT SERVICE FUND 50

School Finance Division
May 2020

OFFICE OF PUBLIC INSTRUCTION
ELSIE ARNTZEN, STATE SUPERINTENDENT
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Putting Montana Students First

DEBT CAPACITY ESTIMATE

How much can we bond for?

District can calculate an estimate or request from OPI

Point in Time

BOND TYPES

20-9-408. "General obligation bonds" means bonds that pledge the full faith and credit and the taxing power of a school district.

GENERAL OBLIGATION BONDS

MCA 20-9-4XX

Assumptions

- District working with fiscal agent, Bond Counsel
- Project Design contracts
- Ballot election passed

BOND TERMS

Limitation Of Term And Interest -- Timing For Redemption

20-9-410. Limitation of term and interest -- timing for redemption. (1) School district bonds may not be issued for a term longer than 30 years, except that bonds issued to refund or redeem outstanding bonds may not be issued for a term longer than 10 years unless the unexpired term of the bonds to be refunded or redeemed is in excess of 10 years, in which case the refunding or redeeming bonds may be issued for the unexpired term

(2) For purposes of this section, the term of a bond issue commences on July 1 of the fiscal year in which the school district first levies taxes to pay the principal and interest on the bonds.

TRUSTEES' MANDATE TO BUDGET

20-9-438. Preparation of general obligation debt service fund budget -- operating reserve.

(1) The trustees of each school district having outstanding general obligation bonds shall include in the debt service fund of the final budget adopted in accordance with 20-9-133 an amount of money that is necessary to pay the interest and the principal amount becoming due during the ensuing school fiscal year.

(2) The trustees shall also include in the debt service fund of the final budget:

(a) the amount of money necessary to pay the special improvement district assessments levied against the school district that become due during the ensuing school fiscal year;

(b) a limited operating reserve for the school fiscal year following the ensuing school fiscal year.

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PROCEEDS - BONDED DEBT

Proceeds issued to County Treasurer – MCA 20-9-435

- All money realized from the sale of school district bonds must be paid to the county treasurer. The county treasurer shall credit the money to the building fund (Fund 60) of the school district issuing the bonds.

- The money realized from the sale of school district bonds must be immediately available to the school district, and the trustees may expend the money without budgeted authorization only for the purposes for which the bonds were authorized by the school district bond election.

COUNTY RESPONSIBILITIES

20-9-442. Entries of payments and notification of school district. The county treasurer shall make the necessary entries of all payments of interest and principal on the treasurer's bond registration record and shall promptly notify the clerk of the school district when the payments are made. The county treasurer also shall deliver the canceled coupons and bonds to the county clerk at the end of each month. The county clerk shall file the canceled coupons and bonds in the clerk's office.

MAEFAIRS SCHEDULING FOR BONDED DEBT

Final Bond Schedule - MAKE SURE OPI HAS RECEIVED SCHEDULE and your county Treasurer has a copy.

Note semi annual interest and principal payments

- *FY Due dates scheduled with 06-30-XX FYE dates*

OPI will schedule all bonds and bond payments in MAEFAIRS

TIMING OF PAYMENTS

Dates Of Issue And Payments

20-9-411. Dates of issue and payments. In order that the dates of payment of installments on school district bond issues may coincide as nearly as possible with the largest monthly tax collections, all school district bonds shall preferably bear a date of some day in June or December.

MAEFAIRS SCHEDULING FOR BONDED DEBT

Verify MAEFAIRS bond schedule matches the FINAL schedule

Always review annual bond records

HOW DO WE PAY FOR THE FIRST INTEREST PAYMENT?

- The fiscal bond agent can address this need in the closing documents
  - Most school bonds are sold at a premium.
  - This means that we voted and issued $10M in bonds. We received proceeds of $11M due to the market conditions. Fiscal Agents can specify the first interest payment can be paid from premium proceeds and grant an exception to have the treasurer deposit the exact amount into the debt service fund 50.

- County Treasurers by law (MCA 20-9-440) must make all debt payments when due regardless of district funds available at that time.
  - If the interest payment was made by the county, the district will include this reimbursement to the county in the first year budgeted.

BUDGETING FOR BONDED DEBT

The annual budgeted bond records will show for each year of outstanding scheduled debt.

Payments are made from tax levies collected and other budgeted nonlevy revenues – interest, Oil and Gas, Coal Gross Proceeds, “other Revenue”

State subsidies may be available for eligible districts in May, subject to appropriations from the legislature

LIMITED OPERATING RESERVE

At the end of each school fiscal year, the trustees of a school district may designate a portion of the end-of-the-year fund balance of the debt service fund to be earmarked as a limited operating reserve for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond obligations that must be paid from July 1 through November 30 of the school fiscal year following the ensuing school fiscal year. Any portion of the debt service fund end-of-the-year fund balance not earmarked for limited operating reserve purposes must be reappropriated to be used for property tax reduction as provided in **20-9-439**.

MAEFAIRS

BUDGETS – STEP 2

OPI MAEFAIRS

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Allocate Taxing Jurisdiction Amounts

Fiscal Year: 2020 **LE:** Belgrade Elem - 0368

This LE has been submitted.

Taxing Jurisdiction	Taxable Value	Fund Balance For Jurisdiction	TIF Fund Balance For Jurisdiction	
1	53,338,202	1,146,614.04	0.00	Select
		1,146,614.04	**0.00**	

Fund 50 - Debt Service Fund Balance For Budget (TFS48):
1,146,614.04

Fund 50 - TIF Fund Balance For Budget (TFS47):

If none enter 0.00

Balance Sheet

Fiscal Year: 2019

LE: Belgrade Elem - 0368 This LE has been submitted.

Fund Code: 50 - Debt Service Fund

Print Balance Sheet Report | Print Validation Report | Go To Revenues | Go To Expenditures

Fund Balance/Equity

Balance Code	Amount	Calculated
48 - Fund Balance for Budget	1,146,614.04	Yes

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Bond Payments

Fiscal Year: 2021 LE: Beaverhead County H S - 0006

Go To Bond Setup Page | Go To Budget Page | Schedule Report

Issue Type	IssueDate	Amount	Jurisdiction	
High School Bond	5/4/2017	9,300,000.00	Series 2017	Select

DEBT SERVICE ASSISTANCE

The trustees of a district may apply the state **reimbursement** for school facilities to reduce the levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on general obligation bonds sold in the debt service fund of the district.

The trustees may apply the state **advance** for school facilities to reduce the levy requirement in the current school fiscal year for debt service payments on general obligation bonds to which the state advance for school facilities applies.

Debt Service Assistance

Preliminary

FY2015-2016

State GTB Debt Service Mill Value Per ANB:
Elementary: $32.80
High School: $79.13

	Level	$/ANB DistrictMill	Issue Amount	Total District Entitlement	Debt Service Obligation	State Share Of Minimum Obligation	Maximum Entitlement @ Mill Value Difference	*Advance @ Prorate 62.7278%	Reimbursement @ Prorate 39.6807%
32 Missoula									
0592 DeSmet Elem	EL	41.98	475,000.00	37,590.00	38,052.50	0.00%	0.00	0.00	0.00
0597 Seeley Lake Elem	EL	40.30	1,015,000.00	58,860.00	165,150.00	0.00%	0.00	0.00	0.00
0599 Frenchtown K-12 Schools	EL	13.22	7,379,383.50	270,980.00	332,058.44	59.70%	161,761.84	0.00	64,188.27
0599 Frenchtown K-12 Schools	HS	27.69	7,555,616.50	178,200.00	339,979.06	65.01%	115,842.39	0.00	45,967.10
0599 Frenchtown K-12 Schools	EL	13.22	3,407,615.00	0.00	265,470.16	59.70%	0.00	0.00	0.00
0599 Frenchtown K-12 Schools	HS	27.69	3,488,995.00	0.00	271,800.50	65.01%	0.00	0.00	0.00
0599 Frenchtown K-12 Schools	EL	13.22	1,209,749.50	0.00	94,503.50	59.70%	0.00	0.00	0.00
0599 Frenchtown K-12 Schools	HS	27.69	1,238,640.50	0.00	96,750.86	65.01%	0.00	0.00	0.00
33 Musselshell									
0605 Roundup Elem	EL	18.09	7,337,000.00	140,480.00	540,604.01	44.85%	63,001.85	39,519.70	24,999.59
0606 Roundup High School	HS	42.56	2,500,000.00	95,400.00	186,690.00	46.22%	44,089.20	27,656.20	17,494.91

34 Park

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Revenues

Fiscal Year: 2016

LE: Roundup Elem - 0605 — This LE has been submitted.

Fund Code: 50 - Debt Service Fund

Print Revenue Report | Print Validation Report | Go To Project Reporter Page | Go To Expenditure Page

Revenues

SubFund Code	Revenue Code	PRC	Amount	Calculated	
	1111 - District Levy - Real Property		198,472.63	No	Select
	1112 - District Levy - Personal Property		204,997.58	No	Select
	1114 - District Levy - Pers Prop/Mobile Homes		1,958.77	No	Select
	1190 - Penalties and Interest on Taxes		423.92	No	Select
	3120 - State - Guaranteed Tax Base Aid		64,519.29	Yes	
			470,372.19		

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Budget

Fiscal Year: 2016 **LE:** Roundup Elem - 0605 **Fund Code:** 50 - Debt Service Fund

This LE has been submitted.

Budget & Reserves | Revenues | Summary | Go To Bonds Page | Go To SIDs Page | Print Budget Report | Pr

Fund Balance: 0.00 **Tax Jurisdiction:** S2014 EL

TIF Fund Balance: 0.00

Other Revenues:

Budget Code	Amount	Calculated
9100 Other Revenue	39,519.70	No
Total Other Revenues	**39,519.70**	

Reappropriated Fund Balance:

There are no reappropriated fund balance records entered for the selected LE.

Taxes:

Budget Code	Amount	Calculated
1110 District Tax Levy	501,084.31	Yes

REFUNDING BONDS

Refunding bonds may be issued in a principal amount greater than the principal amount of the outstanding bonds if there is a reduction of total debt service cost to the district.

20-9-412

SETTLEMENT OF BONDED DEBT

Early settlement of debt

At Maturity

Managing inactive debt service fund

- Closing fund 50

DISPOSITION OF DEBT SERVICE FUND

Disposition Of Remaining Debt Service Fund

20-9-443. Disposition of remaining debt service fund. (1) Except as provided in subsection (2), when all of the bonds, bond interest, and special improvement district obligations of a school district have been fully paid, all money remaining in the debt service fund for the school district and all money that may come into the debt service fund from the payment of the delinquent taxes must be transferred by the county treasurer to the building reserve levy fund, the technology acquisition and depreciation fund, or the general fund as designated by the school district if the subsequent use of the funds by the school district is limited to constructing, equipping, or enlarging school buildings or purchasing land needed for school purposes in the district.

DEBT SERVICE FUND

- Safeguards in fund 50
- Specific statutes that differ from other budgeted funds

BONDED DEBT RECORD RETENTION

County Elections office

County Treasurer’s accounting records

<u>District Responsibilities</u>

- Facilities support files have a permanent retention
- period for records

- 20-year bond is a long time

QUESTIONS

Webinar and handouts posted at http://opi.mt.gov/Leadership/Finance-Grants/School-Finance

Budget Instructions

Fund Instructions

MCA 20 -9-4XX